



Integrated Country Strategy

Bosnia and Herzegovina

FOR PUBLIC RELEASE

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

Table of Contents

1.	Chief of Mission Priorities	1
2.	Mission Strategic Framework	6
3.	Mission Goals and Objectives	7
4.	Management Objectives	15

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

1. Chief of Mission Priorities

Bosnia and Herzegovina's (BiH) stability and security are a prerequisite for the stability and security of the Western Balkans region, without which the United States cannot achieve its larger strategic objective of a Europe that is whole, free, prosperous, and at peace. With this in mind, the United States must sustain its long-standing support for BiH's sovereignty, territorial integrity, and multiethnic character as well as the country's integration into Euro-Atlantic institutions. Success will require a reexamination of assumptions that have guided U.S. policy for more than a decade and a long-term commitment of diplomatic capital and other resources.

The Dayton Peace Agreement (DPA) continues to provide the framework within which the U.S. engages in BiH, and though it has helped keep the peace for 26 years, it is fraying. Ethnic tensions within BiH are rising. Republika Srpska (RS) leaders are pursuing an agenda that would dismantle state-level institutions, and if successful, would result in de facto RS independence. Croat leaders are threatening the territorial organization of BiH with a frequency and energy not seen since the international community crushed their 2001 "Third Entity Movement." Bosniak leaders have placed their own narrow political interests over those of BiH and rely increasingly on nationalist appeals to mobilize their voters. The challenge posed by BiH's nationalisms is exacerbated by the deeply entrenched and rampant corruption among the Bosniak, Croat, and Serb political elite. Nationalism and corruption feed off one another in an increasingly vicious loop that in the last year helped produce the worst political crisis in BiH since the 1992-1995 war. BiH's political and economic stagnation is leaving it further behind its neighbors and driving an exodus of more than 50,000 people every year. Today, the specter of violence and dissolution dominates discourse in and about BiH, constituting a threat to Western Balkans stability and to U.S. interests.

As political, economic, and security conditions have deteriorated in BiH, the international community's ability to effect change has atrophied. The Office of the High Representative (OHR), which has civilian oversight of the DPA, is a shadow of its former self, and the RS, with Russian support, is directly challenging its legitimacy. Absent more robust support from Peace Implementation Council member states, it is dubious whether OHR can implement the 5+2

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

agenda necessary for its closure. Since 2004, the international community's theory of change for BiH assumed that the European Union's (EU) attractive power would compel the country's political leaders to implement the reforms necessary to build a more democratic, prosperous, and functional BiH capable of taking its place in Euro-Atlantic institutions. For reasons both internal and external to the EU, this has not worked. The EU agenda remains the right one, and the United States must continue to support it, but the EU is not the change agent BiH requires. The Bosniaks do not trust it, the Serbs do not fear it, and more recently, the Croats have tried to instrumentalize it.

The decline in influence among benign international actors over the years has been matched by a rise in malign international actors' influence. The latter exploit BiH's latent-but-never-far-below-the-surface nationalism and its endemic corruption in ways that undercut BiH's stability and challenge U.S. interests. The People's Republic of China generally seeks to cash in on BiH's corruption with non-transparent business deals, but in 2021 it supported Russia's efforts at the UN to weaken OHR and undercut the DPA. Russia is now a commanding influence within the RS, and it is increasingly influential among leading Croat political figures. Russia has steadfastly supported RS attacks on the OHR's legitimacy as well as RS efforts to dismantle state-level institutions (i.e., the so-called "Independent Srpska with Dayton BiH" project). Russia's 2022 aggression against Ukraine could create opportunities to undercut its influence in BiH, or it may provoke further attempts by Russia to destabilize BiH. The United States must be prepared for either scenario.

A renewed investment of diplomatic, economic, development, and security capital by the United States and its international partners is necessary to reverse BiH's slide. U.S. leadership is essential to rallying others within the international community to make these investments. Though U.S. influence in BiH is not what it once was, the United States remains the most important and credible international actor in BiH. NATO enjoys a similar respect though its mandate is too limited given the current and foreseeable challenges in BiH. It is time to reexamine how NATO, in partnership with the EU, can contribute more to ensuring a safe and

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

secure environment within BiH. An effective strategy for securing U.S. interests in BiH must harness the international community to the comparative strength of U.S. leadership.

The United States and our international partners must tackle the two toxic factors driving BiH's downward spiral: 1) nationalism; and 2) corruption. The first requires greater investment in reconciliation, which has regressed in recent years, and which is the essential foundation for a positive BiH future. This is a long-term challenge that demands a renewed strategic investment. It also requires more robust defense and support for state-level institutions under attack by or captured by ethnonationalist politicians. This must include shoring up and/or rebuilding those state-level bodies essential to BiH's sovereignty and territorial integrity that were once heralded as success stories but are now either buffeted by attacks from without and/or rotting from within, especially within the security sector. Finally, the United States and international community must re-focus on holding ethnonationalist politicians accountable for their anti-Dayton rhetoric and actions. This includes restoring the international community's deterrent powers.

Corruption is eating away at BiH's democratic fabric as well as eroding its prospects for sustainable prosperity. It puts at risk BiH's Euro-Atlantic integration, and it exposes BiH to outside malign influence, especially from Russia and the People's Republic of China. All of this puts the U.S. interest in a stable and secure BiH at risk. Like nationalism, corruption is a long-term challenge. It requires reinvigorated efforts by the United States aimed at strengthening the rule of law as well as promoting economic reforms designed to eliminate the sources of corruption and create greater transparency within the BiH economy. A stronger, more robust private sector economy in BiH is essential to combatting corruption as well as to the country's future prosperity. For both rule of law and economic reform, the United States must promote legislative, governance and other reforms, build institutional capacity at all levels within BiH, and identify and invest in non-governmental change agents within BiH with whom we can partner. With regard to the latter, youth, civil society, municipal governments, and private sector businesses are particularly important partners for the United States.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

Given the stagnation and backsliding of recent years, particularly since BiH's application for EU membership was accepted in 2016, the United States and our international partners must approach these tasks with clear-eyed realism and apply several fundamental principles to our work. First, we must insist on accountability of all elected leaders – for their harmful rhetoric, for their criminal acts, and for their anti-Dayton activity. When leaders refuse to do their jobs or put their own interests above those of their constituents, we need to state this clearly and apply appropriate consequences. Second, if leaders or institutions are not willing to make the changes necessary for our assistance to have the intended impact, then the United States and other donors should withhold that assistance and look to invest our time and resources into partners with whom we can work. Third, we need flexibility in our approach, to identify and work with agents of positive change at any level of government and in civil society. Grassroots change is slower but may be the only option when institutional dysfunction makes top-down reform impossible. It will also require a more robust and longer-term commitment of resources.

The tasks ahead require a strong and agile U.S. diplomatic platform. We will need to make additional investments in it – human, financial, and development – if we are to address the growing threats to the United States' interests in BiH. Our greatest strength is our dedicated, talented, and diverse American and local staff in Sarajevo, Banja Luka, and Mostar. It is imperative that the mission receive the resources required to ensure operations keep pace with inflation and develop internal solutions to external corruption. Within the next 10 years, 30 percent of LE personnel must retire. Corruption in bifurcated governmental social security and medical care systems, and the lack of USG-provided post-retirement health insurance, leaves valued colleagues at risk as they enter their most vulnerable years. We will work to establish new exit benefit packages that align with market realities. To ensure continued diversity as we seek new talent, our salaries must keep pace with inflation. In addition to people, we require a safe, functioning physical spaces. OBO must address security concerns at all U.S. facilities in BiH, including the move of the Banja Luka Branch Office to a new facility and the construction of a new Chief of Mission Residence. The yearly erosion of programmatic funding has a direct

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

impact on our ability to implement the policy goals outlined above. Without needed funds, we will be forced to narrow our strategic focus and simply do less with less.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

2. Mission Strategic Framework

Mission Goal 1: BiH is a more democratic and economically sustainable state guided by Euro-Atlantic norms.

- **Mission Objective 1.1:** Strengthened rule of law and increased accountability of all levels of government to their citizens build institutional functionality and resilience to corruption. (CDCS DO 1)
- **Mission Objective 1.2:** Improved socio-economic conditions spur private sector growth and improve opportunities for U.S. companies. (CDCS DO 2)
- **Mission Objective 1.3:** Deepened citizen support for a pluralistic and inclusive society aligned with a European perspective counters malign actors.

Mission Goal 2: BiH establishes a resilient security environment.

- **Mission Objective 2.1:** Increased contributions to domestic, regional, and global security improve stability and promote Euro-Atlantic integration.
- **Mission Objective 2.2:** Strengthened law enforcement and border security institutions counter terrorism and organized crime.

Management Objective 1: Development of long-term solutions to welfare, productivity, and security concerns at all USG facilities in BiH creates a better, safer, more secure working environment.

Management Objective 2: Implementation of employee diversity, development, and succession strategies benefiting both the U.S. government and staff members creates a premier work environment for all.

Management Objective 3: Maximized use of technology promotes efficacy and value throughout the Mission.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

3. Mission Goals and Objectives

Mission Goal 1 | BiH is a more democratic and economically sustainable state guided by Euro-Atlantic norms.

Description | Mission Goal 1 will strengthen the rule of law and BiH's institutions in line with Euro-Atlantic norms. Stronger rule of law and functioning, responsive institutions will help combat corruption, advance economic and governance reforms, promote fair economic opportunities, and create incentives for citizens to stay in BiH and contribute to its progress along its Euro-Atlantic path.

Objective 1.1 | Strengthened rule of law and increased accountability of all levels of government to their citizens build institutional functionality and resilience to corruption.

- **Objective 1.1 Justification** | Bosnia and Herzegovina's government institutions at the state and sub-state level need assistance to build capacity to mitigate the impact of pervasive corruption and political interference. This will enable them to become responsive to citizen demands and rebuild public trust in the function of government institutions and enterprises. Weak rule of law and endemic corruption at all levels of society and government and a general perception of impunity for corrupt leaders adversely impact BiH's ability to provide economic opportunities and physical, food, and energy security for its citizens; to undertake reforms needed to strengthen national capacity to counter corruption, organized crime, trafficking in persons, and illicit financing; to protect the environment; and to make greater progress toward Euro-Atlantic integration, all key U.S. foreign policy objectives. Additionally, malign actors use weak state institutions and fragmented administrative structures and legal system to undermine BiH's national integrity and undertake destabilizing activities for personal and political gain. Political parties use loopholes in the BiH election administration and political capture of the judiciary and law enforcement s to manipulate and perpetuate the system and avoid accountability for corruption at the ballot box and beyond.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Objective 1.1 Linkages** | This objective supports the March 2021 Interim National Security Strategy, the June 2021 National Security Study Memorandum Establishing the Fight Against Corruption as a Core United States National Security Interest, the 2022-2026 State-USAID Joint Strategic Plan Strategic Objectives 1.2, 1.4, 3.1, 3.2, and 3.3, USAID Bosnia and Herzegovina Country Development Cooperation Strategy, the Countering Malign Kremlin Influence Framework, Bureau Goals 2 and 3 and all-inclusive Bureau Objectives in the 2022 Functional Bureau Strategy for the Bureau of International Narcotics and Law Enforcement Affairs, Bureau Objectives 1.3, 2.1, and 4.3 in the 2022 Functional Bureau Strategy for the Bureau of Economic and Business Affairs, and Bureau Objectives 1.2, 2.1, and 2.2 the 2022 Functional Bureau Strategy for the Bureau of Oceans and International Environmental and Scientific Affairs.
- **Objective 1.1 Risks** | Failure to adequately strengthen government capacity and responsiveness to citizens' needs will lead to greater party capture of government institutions and enterprises, exacerbating political decay and environmental degradation facilitated by endemic corruption and electoral fraud. The resulting increased access for malign domestic and international actors will further destabilize BiH and the region and contribute to high rates of emigration and public mistrust and dissatisfaction in public institutions.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

Objective 1.2 | Improved socio-economic conditions spur private sector growth and improve opportunities for U.S. companies. (CDCS DO 2)

- **Objective 1.2 Justification** | Scores of people are voting with their feet and leaving BiH due to a lack of hope – in large part due to poor socio-economic conditions. BiH has high unemployment (particularly among youth), endemic corruption, a complicated regulatory framework, and weak commercial law. The prolonged BiH political crisis resulted in the government's failure to adopt a state-level budget in 2021, preventing it from disbursing assistance grants to the Roma and other economically vulnerable populations. The private sector is constrained in accessing capital and the lack of a single economic space in BiH creates difficulties for companies trying to do business across the entire country. U.S. companies export to BiH in low levels due to the difficulties in doing business in BiH and a lack awareness of the market. The same negative trends hold BiH back from taking advantage of regional economic integration initiatives, including via integration of the energy market and diversification of energy resources. Bosnia and Herzegovina ranks 90th out of 190 countries in the 2020 World Bank Doing Business Report; only San Marino ranks lower in Europe. BiH is particularly bad in the categories of starting a business (184/190) and handling construction permits (173/190). According to the BiH Foreign Investment Promotion Agency, investors are most concerned by political instability, bureaucratic complexity, enforcement of court rulings, functioning of tax administration, and tax policy and labor law. Investors also cite pervasive corruption/lack of rule of law, state-owned enterprises that use regulatory bodies to bully their private sector competitors, uneven conduct of inspection bodies, and blurred legal authorities among state, entity, cantonal, and municipal governments.
- **Objective 1.2 Linkages** | This objective supports the 2021 Interim National Security Strategy Guidance, the 2022-2026 State and USAID Joint Strategic Plan and USAID/BiH Country Development Cooperation Strategy (CDCS) Development Objective 2.1.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Objective 1.2 Risks** | Ethno-nationalist leaders and malign actors further their control of key BiH institutions and positions through deepening corruption facilitating and deepening political crisis. The RS entity ruling coalition exacerbates political instability through de facto secession. Elite manipulation and toxic rhetoric exacerbate distrust between citizens and state institutions, as well as service providers at all levels of government. The pandemic continues to negatively affect economic and social interaction.

Objective 1.3 | Deepened citizen support for a pluralistic and inclusive society aligned with a European perspective counters malign actors.

- **Objective 1.3 Justification** | An underlying problem of progress in BiH is the continued focus on ethnic divisions. Nationalist politicians weaponized ethnicity in the 1990s, resulting in war. They continue to use ethnicity to divide the electorate, distract citizens from corrupt activity and the lack of socio-economic progress, and maintain their own power and patronage networks. This division also leaves BiH citizens susceptible to malign actors who use it to sow and exploit discord and instability. Pervasive inflammatory rhetoric creates a sense of insecurity that promotes brain drain, a sense of apathy, and proliferation of extremist groups. For BiH to progress along the path toward Euro-Atlantic integration, it must advance towards being a pluralistic society that respects the perspectives of all its members. Exacerbating the situation, the country lacks social cohesion, solidarity, and shared values and norms, which combined with income inequality, are easily tapped by malign actors to fuel deep mistrust between citizen groups and with institutions. Sub-objectives under this objective seek to move BiH in this direction.
- **Objective 1.3 Linkages** | Objective 1.3 has clear linkages to the Interim National Security Strategic Guidance (INSSG), the 2022-2026 State-USAID Draft Joint Strategic Plan (JSP) and the EUR Draft Joint Regional Strategy (JRS). The link to the EUR Draft JRS addresses Bureau Goal 2: Strengthen Democracy and the Rule of Law throughout Europe and Eurasia.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Objective 1.3 Risks** | Risks in this area are endemic based on the past 26 years. The politics of division employed by nationalist politicians and exterior malign actors are a constant obstacle that could easily result in backsliding at best or retrenchment and the risk of violence at worst. The continued need for the USG to engage in crisis management will inhibit our progress on longer-term strategic goals.

Mission Goal 2 | BiH establishes a resilient security environment.

Description | Mission Goal 2 will improve the capacity of BiH's security-sector institutions to better secure BiH's border, confront ongoing terrorist threats, align with Euro-Atlantic standards, and meet international obligations. A BiH that is firmly tied to Euro-Atlantic institutions strengthens regional security and weakens malign actors. Mission Goal 2 will also make these institutions more responsive to the security needs of BiH and U.S. citizens, including in areas such as disaster response, counterterrorism, the detection and prosecution of organized crime, and in securing BiH's borders. Well-functioning and responsive institutions weaken the narratives of corrupt ethno-nationalist leaders, improving BiH's citizen security, stability, democracy, and resilience.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

Objective 2.1 | Increased contributions to domestic, regional, and global security improve stability and promote Euro-Atlantic integration.

- **Objective 2.1 Justification** | The Armed Forces of Bosnia and Herzegovina (AFBiH) and Ministry of Defense (MoD) need assistance to modernize, improve their interoperability with NATO, and enhance their public profile. The AFBiH and MoD demonstrate that multiethnic state-level institutions can provide benefits and security to all BiH citizens, improving internal stability. As the AFBiH makes progress on its NATO interoperability targets, it will continue to improve its contributions to global and regional security. The AFBiH and MoD require assistance because these institutions have been systematically weakened, through stagnant budgets and negative narratives, by corrupt politicians and malign actors. The AFBiH and MoD's success threatens these politicians and actors because it runs counter to their narratives calling for a weak state defined by ethnic differences. BiH's government institutions and processes focused on strengthening NATO partnership also need support, since they are also the target of politicians and actors seeking to weaken BiH's Euro-Atlantic progress. BiH needs continued support to decrease excess/hazardous weapons stockpiles and clear explosive remnants of war; this support increases BiH's domestic security and resilience. BiH's internal stability and resilience is also improved by supporting the MoD and Ministry of Security on cross-cutting issues such as disaster management and cyber security.
- **Objective 2.1 Linkages** | This objective supports the March 2021 Interim National Security Strategy, the 2018 National Defense Strategy, the 2021 United States European Command Country Plan, the 2022-2026 State-USAID Joint Strategic Plan, the 2019 State Bureau of European and Eurasian Affairs and USAID Bureau for Europe and Eurasia Joint Regional Strategy.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Objective 2.1 Risks** | A weakened AFBiH and MoD, untethered from Euro-Atlantic institutions, will heighten ethnic tensions, negatively affect BiH and the region's security, and allow malign actors to increase their influence in BiH. If BiH does not strengthen its disaster management and cyber security response capabilities, its already weak institutions will fail to react to emerging threats, which will have increasingly negative regional repercussions. The continued presence of excess weapons and explosive remnants of war continue to threaten BiH's internal security.

Objective 2.2 | Strengthened law enforcement and border security institutions counter terrorism and organized crime.

- **Objective 2.2 Justification** | Due to Bosnia and Herzegovina's fragmented and complex governance structure and generally decentralized law enforcement authorities, law enforcement agencies suffer from a culture of competition rather than cooperation. This is exacerbated by general state dysfunction perpetuated by ethnonationalist political leaders who seek to undermine state-level institutions, including key law enforcement agencies, and by corrupt officials who benefit from weak law enforcement institutions. Bosnia and Herzegovina's state and sub-state level law enforcement agencies must improve cooperation to mitigate continued terrorism and organized crime threats. BiH must develop, adopt, and implement legislation, regulations, and standards in its law enforcement and counterterrorism enterprise that meet widely accepted international standards and fulfill UN and other international obligations.
- **Objective 2.2 Linkages** | This objective supports the March 2021 Interim National Security Strategy, the 2018 National Defense Strategy, the 2021 United States European Command Country Plan, Strategic Objectives 1.4, 3.1, and 5.2 of the 2022-2026 State-USAID Joint Strategic Plan, and Bureau Goals 2 and 3 in the 2022 Functional Bureau Strategy for the Bureau of International Narcotics and Law Enforcement Affairs, Bureau Goals 1, 2, and 4 in the 2022 Functional Bureau Strategy for the Bureau of Counterterrorism, and Bureau Goal 4 for the Functional Bureau Strategy for the Bureau of International Security and Nonproliferation.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Objective 2.2 Risks** | Failure to improve cooperation among state-level law enforcement agencies and sub-state counterparts will perpetuate BiH's fragmented and often ineffective response to the serious risks from terrorists and transnational and domestic organized criminal organizations. Continued challenges to the authority of the state and capture of key institutions by corrupt party interests will leave BiH increasingly incapable of securing its borders and meeting international obligations and will directly impact the national security of BiH and the United States. Without a robust counterterrorism enterprise, BiH risks poor management of returning Foreign Terrorist Fighters, including their detection, deterrence of planned terrorist activities, prosecution, and rehabilitation and reintegration; this could result in BiH becoming a source country for future terrorist activities in the region and beyond.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

4. Management Objectives

Management Objective 1 | Develop long-term solutions to welfare, productivity, and security concerns at all USG facilities in BiH creates a better, safer, more secure working environment.

- **Management Objective 1 Justification** | Although the embassy in Sarajevo relocated to a secure new compound in 2010, our facilities for mission personnel in the chancery, as well as the Banja Luka Branch Office, are now inadequate. All Sarajevo-based agencies are now co-located in the chancery, but our mission continues to expand as challenges to the Dayton Agreement deepen and our efforts to support BiH's Euro-Atlantic path expand. This necessitates a review of the floorplan and potential space reallocation. The Banja Luka Branch Office facility does not meet Overseas Security Policy Board (OSPB) standards and Secure Embassy Construction and Counterterrorism Act (SECCA) requirements, necessitating exceptions and/or waivers; post believes that the location of the facility, the adjacent structures, and local zoning restrictions limit our ability to modify the facility to meet these standards. Available shared commercial spaces in Banja Luka are the best option to provide safe and secure workspaces for the branch office at reasonable cost to the USG. In Sarajevo, the Chief of Mission Residence (CMR) has an approved exception to OSPB residential security standards, and its deficiencies in accessibility and representational space negatively impact our ability to promote US policy. OBO and DS seek to convert the old Chancery site into a new residence. Properties in the housing pool, limited by outdated rental parameters, must be refreshed to halt the steady negative impact to post morale.
- **Management Objective 1 Linkages** | This Objective is linked to the Interim National Security Strategic Guidance to protect the security of the American people and make smart and disciplined choices regarding our national defense and the responsible use of our military, while elevating diplomacy as our tool of first resort.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Management Objective 1 Risks** | The safety and security of our staff is a fundamental priority. The current rented CMR property, while functional, is not optimal for promoting US policy. Without rationalized space, limited staffing will negatively impact our ability to meet the US government's policy goals. Lower morale among staff will also negatively impact our mission and our ability to attract new talent to continue the important work here.

Management Objective 2 | Implementation of employee diversity, development, and succession strategies benefiting both the U.S. government and staff members creates a premier work environment for all.

- **Management Objective 2 Justification** | Our greatest strength is our dedicated, talented, and diverse American and local staff in Sarajevo, Banja Luka, and Mostar. However, the mission faces an impending wave of LE Staff retirements, as most joined the embassy at the end of war in 1995-1996. By 2032, thirty percent of staff will face mandatory retirement and by 2040 seventy six percent of our institutional memory will have been replaced. The upcoming retirement surge highlights a Gordian knot of weaknesses in personnel support infrastructure that post must begin to unravel both to support our existing employees and to entice new personnel as vacancies are created. It is critical for retiring personnel that we develop means to facilitate knowledge transfer. To ensure continued diversity as we seek new talent, our salaries and benefits packages must be competitive and keep pace with inflation. We must also expand promotion paths and integrate hiring practices that advance diversity, equity, inclusion, and accessibility.

First the pension system: since 1996, the Mission has operated under a waiver with BiH granting non-participation in the local social security system (LSSS) which covers pension, medical, unemployment and disability. The exemption was predicated on concerns in 1996 that the new government would not be able to create a sustainable LSSS. Instead, Post initiated a defined contribution plan funded by the amount that

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

would have been contributed as an employer into LSSS. These funds are currently deposited with CGFS at a zero rate of return. With current inflation rates, the value of these retirement nest eggs is rapidly eroding. In tandem with GTM and CGFS, post must identify an alternative investment strategy for retaining the purchasing power of these existing defined contribution balances.

Second, disability: Because post does not participate in the LSSS, we also do not have access to the disability insurance portion of the program. Every year, we have two or three cases of long-term disability. Our tightly bonded and generous LE staff contribute excess leave balances so that their disabled colleagues remain on full salary and benefits during the length of the disability (sometimes up to two and three years). As our population continues to age, this is not a sustainable solution and a formalized policy and supporting mechanisms is required to uniformly address actions the Mission will take to assist ill or disabled colleagues.

Third, post-retirement medical care: another outgrowth of non-participation in the LSSS is that upon retirement LE staff do not have automatic access to the LSSS medical component, and the cost of the post provided private insurance package is too expensive for retirees to self-fund once no longer employed. As they age, our LE staff are becoming increasingly vocal about this deficiency. Post needs to determine a cost viable approach to ensure LE access to retirement medical insurance.

Fourth, severance: The Local Compensation Plan (LCP) allows for a severance payment of one-third monthly salary per year worked. However, the LCP does not allow for payment of severance except upon mandatory retirement or reduction in force. Adjusting the LCP to allow for payment due to disability or early separation, would greatly assist post in leveling the upcoming retirement peaks through targeted early separation, as well as partially address concerns with disabled personnel.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

Fifth, early separation: The LCP severance package is effectively golden handcuffs for aging LE staff who would like to separate prior to mandatory retirement, but do not want to forego the severance lump sum payment. Post's LE Committee considers development of a plan allowing early separation their top priority. The Mission also requires mechanism that will level the upcoming retirement peak to a smoother and longer timeline horizon that incorporates a training "float" as well as other mechanisms to facilitate knowledge transfer, especially for our most senior subject matter expert positions. Structuring an early separation strategy that meets both stakeholder's requirements will require compromise and innovative solutions approved by Mission Agencies, the Bureaus, and GTM.

Sixth, new talent: Making the above indicated adjustments will enhance the employment package of salaries and benefits offered to new employees. However, to maintain their enthusiasm and dedication it is critical that salaries continue to keep pace with inflation. Furthermore, we must lead by example, continuing to reflect USG policy objectives by integrating hiring practices that advance diversity, equity, inclusion, and accessibility.

- **Management Objective 2 Linkages** | Bureau Cross-Cutting Management Goal 5: Recruit, develop, and retain EUR talent that represents the diversity of the United States and has the set of skills necessary to advance the Bureau's goals; 2022-2026 State-USAID Joint Strategic Plan.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023

- **Management Objective 2 Risks** | The impending wave of retirements will strain the missions' ability to continue operating at our current high level of effectiveness. Without an aggressive strategy for transition and succession planning, institutional knowledge will be lost as employees leave U.S. government service. Participation in the LSSS is highly complicated by government-wide corruption, two parallel but different LSSS systems (one in FBiH, one in RS) neither of which fence pension funds from the central budget, and the diaspora of youth that has taken the funding ration for the LSSS from the original plan of four contributors for each pensioner to a ratio of one to one. Inflation is eroding the future purchasing power of the current defined contribution retirement plan.

Management Objective 3 | Maximized use of technology promotes efficacy and value throughout the Mission.

- **Management Objective 3 Justification** | Mission users often lack the skills to use current technology. Users also have trouble accessing needed data when it is held in inaccessible locations or formats. Both issues limit inter-departmental cooperation and slows our decision-making abilities.
- **Management Objective 2 Linkages** | Linked to 2022-2026 State-USAID Joint Strategic plan.
- **Management Objective 3 Risks** | Avenues of emergency communication unnecessarily restricted. Tasks require more time and resources to complete. Mission may expend resources to try to solve problems that already have solutions. Inefficient communication with other diplomatic missions may result in a lack of effective regional cooperation. Mission will not meet standards for reporting to headquarters or other relevant agencies if we do not appropriately use current methods to communicate.

Approved: June 6, 2022

Reviewed and Updated: March 14, 2023